

WASHINGTON STATE LIQUOR CONTROL BOARD

61st REPORT OF OPERATIONS



DEFENDANT'S EXHIBIT
CASE NO. C04-0360P
EXHIBIT NO. 517

JULY 1, 1993
TO
JUNE 30, 1994

Resp to Costco RFP
2136

TX517-001



WASHINGTON STATE LIQUOR CONTROL BOARD

Chairman of the Board
Member of the Board
Member of the Board
Public Information Officer
Attorney General Division
Assistant Attorney General
Purchasing and Distribution, Assistant Director
Merchandising, Assistant Director
Regulatory Services, Assistant Director
Enforcement, Assistant Director
Administrative Services, Assistant Director
Personnel Division

JOSEPH MCGAVICK
MIKE MURPHY
JACK RABOURN
M. CARTER MITCHELL

S. KIM O'NEAL
LOWELL HUEBNER
MIKE DONALDSON
DAVID GOYETTE
GARY W. GILBERT
JAMES E. HOING
CHUCK BRANDNER

BOARD MEMBERS

Chairman Joe McGavick was appointed to the Board on October 25, 1994, by Governor Mike Lowry. Chairman McGavick's term will expire January 15, 1999.

Board Member Mike Murphy, Olympia, was named to a six-year term on January 16, 1989. Mr. Murphy's term expires January 15, 1995.

Board Member Jack Rabourn, Seattle, began a six-year term on the Board on March 1, 1991 and continues until January 15, 1997.

BOARD VISION

An environment wherein alcohol products are made available in an efficient and responsible manner serving a public that can make informed decisions.

BOARD MISSION

The mission of the Washington State Liquor Control Board is to maintain a controlled distribution system balanced with a program of education and enforcement to prevent misuse.



Regulatory Management Section

The major responsibilities of the Regulatory Management Section is to review, work up and approve or disapprove price postings filed by wholesalers and suppliers in order to ensure prices meet statutory and regulatory requirements. This includes, but is not limited to, ensuring that prices are not disruptive to the market, or below cost plus 10 percent of acquisition cost.

Price postings also allow for a check to ensure that:

1. Products offered for sale have received label approval;
2. Products offered for sale are in approved package and container sizes; and
3. Only licensed entities offer beer and wine for sale in the state of Washington.

During FY 94, the Regulatory Management Section received over 55,000 beer and wine postings for review and filing. Of the 55,000, approximately 20 percent received a complete review to ensure compliance with laws and regulations. These records were also available for Board employees, industry members and the general public for review and copying during normal business hours.

MONTHLY PROCESSING OF LABEL CERTIFICATION

WINES						BEER			
		NEW	REVISED	SPECIAL PACKAGE	DIS- APPROVAL	NEW	REVISED	SPECIAL PACKAGE	DIS- APPROVAL
July	93	214	60	5	0	55	3	0	0
August	93	215	70	4	2	34	2	0	0
September	93	223	55	6	0	47	12	0	2
October	93	207	95	0	0	40	1	5	0
November	93	120	45	7	0	38	8	7	0
December	93	118	36	0	0	61	0	1	1
January	94	109	15	1	0	42	0	4	1
February	94	268	51	1	1	55	2	6	0
March	94	184	58	3	1	63	2	9	0
April	94	191	96	4	0	43	10	1	0
May	94	273	115	1	1	43	2	0	0
June	94	107	30	0	0	33	0	0	0
		2,229	726	32	5	554	42	33	4

The Regulatory Management Section is also responsible for investigating, reviewing and approving all licensing actions involving nonretail businesses. During Fiscal Year 1994, 47 out-of-state breweries and 370 out-of-state wineries received approval to ship their products into the state of Washington.

The Regulatory Management Section also coordinates with the Audit Section of the Financial Division to ensure compliance with tax reporting requirements for all out-of-state breweries and wineries.

The surety bond program administered by the Regulatory Management Section ensures that all nonretail licensees with tax liability have a surety bond on file with the Board guaranteeing payment of the beer and wine taxes. Currently there are 356 licensees required to maintain a surety bond on file with the Board.



Store Development

During Fiscal Year 1994, two (2) agencies were converted to self-service stores: Agency No. 516 became Store No. 37 in Arlington, and Agency No. 515 became Store No. 80 in Monroe.

The following stores were relocated:

- 9 Walla Walla
- 144 Lynnwood
- 182 Seattle (23rd & Union)

The following stores were closed:

- 78 Seattle (Roosevelt)
- 100 Seattle (Southcenter)
- 109 Seattle (Rainier Valley)
- 143 Union Gap

The following stores were remodeled:

- 12 Wenatchee
- 22 Seattle (Ballard)
- 25 Renton (Downtown)
- 28 Seattle (12th & Pine)
- 47 Seattle (Greenwood)
- 61 Bothell
- 65 Spokane (3rd & Cedar)
- 68 Tacoma (Lakewood)
- 76 Kent (West Kent)
- 86 SeaTac
- 102 Kent (East Kent)
- 117 Spokane (5 Mile Center)
- 124 Tumwater
- 147 Chelan

In addition to repairs, maintenance was requested and performed in 17 additional stores.

There were 41 lease transactions during Fiscal Year 1994.